

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 EA-07 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 DODE-00

PM-04 H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 AF-10

/103 R

DRAFTED BY EB/IFD/OMA: C H ERVIN

APPROVED BY EB: P H BOEKER

TREAS: D SYVRUD

EUR/WE: E M ROWELL

EUR/CAN: D BLAKEMORE

-----033924 020643Z /16

R 011546Z JUL 77

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

INFO AMEMBASSY LISBON

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E.O. 11652: N/A

TAGS: EFIN, PO, CA

SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: PARIS 18443, OTTAWA 5154

1. EMBASSY IS REQUESTED TO APPROACH HOST GOVERNMENT TO EXPRESS OUR HOPE THAT THE GOC COULD QUICKLY REACH A POSITIVE DECISION ON PARTICIPATION IN THE ASSISTANCE EFFORT FOR PORTUGAL. WE ALSO URGE THE GOC TO EXPLORE FULLY MECHANISMS FOR PROVIDING AN UNTIED LOAN.

2. THE U.S. IS PLEASED WITH THE OUTCOME OF THE JUNE 22

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MEETING AND THE DEMONSTRATED COOPERATION OF THE INDUSTRIAL DEMOCRACIES TO SUPPORT DEMOCRATIC CONSOLIDATION AND ECONOMIC STABILIZATION IN PORTUGAL. WE APPRECIATE CANADA'S CONTINUED POSITIVE REVIEW OF PARTICIPATION IN THE ASSISTANCE EFFORT AND ITS HELP IN HANDLING ITS OWN STATEMENTS AT THE JUNE 22 MEETING SO AS TO KEEP THE PRESSURE ON THE JAPANESE TO UNTIE. (THE JAPANESE INDICATED THAT AT LEAST 50 MILLION

DOLS OF THEIR 75 MILLION DOLS PARTICIPATION WILL BE UNTIED). WE HOPE THE GOC WILL BE ABLE TO QUICKLY REACH AN AFFIRMATIVE DECISION ON PARTICIPATION.

3. THE U.S. ALSO APPRECIATES THAT CANADA MAY BE EXPERIENCING PARTICULAR DIFFICULTIES IN FINDING A SUITABLE MECHANISM TO PROVIDE UNTIED BALANCE OF PAYMENTS LOANS. WE WOULD URGE THE GOC TO FULLY EXPLORE AVAILABLE OPTIONS FOR PROVIDING AN UNTIED CREDIT. PARTICIPANTS AT THE FIRST MEETING IN MAY RECOGNIZED THAT BECAUSE PORTUGAL'S FINANCING NEEDS ARE NEAR TERM AND CRITICAL, UNTIED BALANCE OF PAYMENTS LOANS WHICH ARE FAST DISBURSING WOULD BE THE MOST APPROPRIATE FORM OF ASSISTANCE. AS A RESULT OTHER COUNTRIES HAVE FOUND MECHANISMS TO PROVIDE UNTIED CREDITS. AT PRESENT COUNTRIES HAVE INDICATED FIRM COMMITMENTS TO PROVIDE ABOUT 680 MILLION DOLS IN UNTIED LOANS. ONLY THREE COUNTRIES -- JAPAN (FOR A PART OF ITS CREDIT), FRANCE AND CANADA -- HAVE INDICATED DIFFICULTY WITH UNTYING. WE ARE URGING THE JAPANESE AND THE FRENCH TO DEVELOP APPROPRIATE UNTIED MECHANISMS FOR ALL OF THEIR PROPOSED CREDITS. WE WOULD HOPE THAT CANADA COULD ALSO FIND AN UNTIED OR EFFECTIVELY UNTIED MEANS OF PROVIDING CREDITS WHICH WOULD BE FULLY CONSISTENT WITH PORTUGAL'S FINANCING NEEDS AND THE ASSISTANCE BEING OFFERED BY OTHER PARTICIPANTS. CHRISTOPHER

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Sent Date: 01-Jul-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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